

7/18/01

SUBJ: LABOR DISTRIBUTION REPORTING

1. **PURPOSE.** This order establishes agencywide Federal Aviation Administration (FAA) policy on Labor Distribution Reporting (LDR).
2. **DISTRIBUTION.** This order is distributed to the division level in Washington headquarters, regions, and centers with a limited distribution to each field office and facility.
3. **BACKGROUND.** The 1996 FAA Reauthorization Act directed FAA to implement a Cost Accounting System to help achieve financial and operational performance goals. Personnel costs are a substantial part of the FAA cost structure and must be accurately captured. The LDR process involves collecting data on the time FAA employees, managers, and executives work on projects and activities; determining the cost of the time; and providing management reports on the time and cost against projects and activities. Information derived from the LDR process will allow all FAA managers and employees to better understand staff resources required for achieving agency goals and objectives.
4. **POLICY.** The FAA will collect paid hours worked by each employee, manager, and executive against identified projects and activities. No manager may excuse employees **from** compliance with this LDR policy. Data resulting from the collection of employee time against projects and activities must not be used for individual employee performance management. Management will use existing processes and procedures to manage employee performance.
5. **DEFINITIONS.**
 - a. **Activity:** 'An actual work task or step performed in producing and delivering a product or service.
 - b. **Alternate Labor Collection System:** Any front-end labor data collection system that interfaces with the Integrated Personnel and Payroll System (IPPS).
 - c. **Integrated Personnel and Payroll System:** The Department of Transportation's system that provides for time and attendance recordkeeping. Hours reported include time worked, overtime hours, and leave taken by type of leave.
 - d. **Consolidated Uniform Payroll System (CUPS):** The Department of Transportation's payroll system of record that computes an employee's pay, benefits, aggregation of leave, and withholding amounts.
 - e. **LDR Implementation:** The phases associated with preparing an organization for collecting labor data. LDR implementation begins with planning activities, followed by training, and ends with the collection of labor data from all employees.
 - f. **Project:** A discrete FAA product or service, an ongoing business process, or an engineering project.
6. **FORM.** FAA Form 2700-49, Biweekly LDR Input Form, will be used to record projects and activities for each employee unless alternate input labor collection systems are used that require differing forms **and** procedures. Appendix 1, FAA Form 2700-49, Biweekly LDR Input Form, contains a sample of the form. The form will be available electronically and in paper format.

7. OBJECTIVES. The primary objective of LDR is to provide accurate visibility of FAA personnel costs so that organizational resources can be applied effectively to enable increased efficiency in achieving FAA's mission and accomplishing organizational performance goals. The specific objectives of LDR are to:

- a. Provide timely and accurate information that increases the effectiveness of agency resources and program management. Resource management programs that will benefit from this information include budget formulation, budget execution, recruitment strategies, and allocation of human resources.
- b. Create employee awareness of how their work contributes toward accomplishment of agency mission and organizational goals and objectives.
- c. Support management reforms such as organizational cost and performance management.
- d. Enhance FAA's credibility with external stakeholders, such as the Congress and industry, by accurately allocating labor costs to the FAA service provided.

8. USES OF INFORMATION. In an effective and meaningful labor distribution environment, employees, supervisors, managers, and executives accept shared roles and responsibilities to ensure the FAA mission, goals, and objectives are accomplished. As part of this process, FAA management will use labor distribution information to:

- a. Determine investments of FAA resources,
- b. Assess and measure through quantitative analysis the cost efficiency and effectiveness of the management of services, programs, projects, special initiatives, and assets.
- c. Evaluate labor costs associated with specific projects, programs, services, and special initiatives to identify opportunities for reallocation of resources to better achieve FAA organizational cost and performance management goals.
- d. Ensure work activities and assignments are sufficiently balanced to achieve organizational goals and objectives.
- e. Determine, monitor, and assess employee workload and deployment, staffing decisions, and hiring trends and projections.
- f. Assess employee work activities and assignments against organizational priorities.
- g. Support budget formulation, allocation, and execution.
- h. Capture and capitalize labor hours as appropriate to help support a clean audit opinion.

9. SYSTEM INTERFACE REQUIREMENTS. The Department of Transportation's IPPS will be the system used to collect labor distribution reporting data. The Assistant Administrator for Financial Services (ABA- 1) must approve any front-end alternate labor collection system. The front-end alternate labor collection system must also:

- a. Interface with IPPS and CUPS on a specific time schedule.
- b. Have supervisor approval of labor distribution reporting data prior to interfacing with IPPS.
- c. Identify each employee uniquely for reconciliation with IPPS and CUPS.
- d. Map the alternate system projects and activities to the FAA project and activity dictionary before the data is processed through IPPS and CUPS. For example, if projects and/or activities in the alternate system are not consistent with the CAS requirements, this data must be converted to valid CAS projects and activities prior to being interfaced.

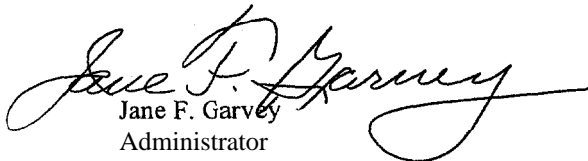
- e. Be consistent with IPPS and CUPS data requirements (e.g., data element format, length, type, etc).
- f. Meet audit requirements for data integrity (i.e., data must be traceable from its source through the system and the interface processed through IPPS and CUPS).
- g. Meet Privacy Act and information system security requirements.
- h. Be funded and maintained by the line of business (LOB)/staff office desiring to develop/use the system.
- i. Have adequate controls in place to ensure data integrity.
- j. Have a system in place that ensures data retention for 6 years.

10. RESPONSIBILITIES.

- a. The Assistant Administrator for Financial Services (ABA-I) manages the overall LDR process, including developing and sustaining a corporate infrastructure that enables the collection of actual hours worked by FAA employees against defined projects and activities. This infrastructure includes developing and delivery of FAA LDR training.
- b. The Director of Labor and Employee Relations (AHL- 1) will work with all employee unions on LDR implementation.
- c. Associate administrators, assistant administrators, and the head of each office will:
 - (1) Establish any unique organizational procedures necessary to meet the needs of their organization in collecting actual hours worked by their employees against defined projects and activities.
 - (2) Organizations that use alternate labor collection systems must comply with all the requirements in paragraph 9 and with procedures consistent with this order. Alternate labor collection systems are the responsibility of the individual LOB/staff office with such a system to develop, fund, and maintain.
 - (3) Identify resources to serve as quality assurance resource focal points within the organization.
 - (4) Fulfill all negotiating obligations with unionized organizations.
 - (5) Customize, as required, FAA LDR training to meet organizations needs.
- d. FAA supervisors (or designees) will:
 - (1) Assign project/activity codes to employees.
 - (2) Review and approve LDR **data** submitted by employees at the end of each pay period concurrent with review and approval of time and attendance.
- e. Quality Assurance. Resource focal points will monitor organizational compliance with LDR policies and charging practices, ensure data integrity, manage the process for requesting new project/activity codes, distribute project/activity codes, and understand/answer questions about data in reports within each LOB/staff office.
- f. Timekeepers will retain LDR input forms for 6 years either electronically or in paper format. See appendix 1, FAA Form 2760-49, Biweekly LDR Input Form.

g. Employees will report hours worked, by project and activity, at the end of each pay period. Employees should record their time by project, at a minimum, on a daily basis. To ensure data integrity and proper financial treatment of labor distribution information, employees shall:

- (1) Submit an LDR form at the end of each pay period identifying hours worked by project and activity. Hours identified for LDR must equal paid hours. An electronic LDR form submitted by the employee is considered acceptable as a signature.
- (2) Use only authorized project and activity codes to ensure data quality. Hours not reported are recorded as "no project" and "no activity."
- (3) Record only paid time, including preapproved overtime. Paid time is the number of hours (or minutes in the case of overtime) actually worked, plus leave taken during a pay period. Leave includes annual, sick, credit hours, compensation time, and all other types of leave. Due to current system limitations, compensatory hours and credit hours are not recorded when earned but rather when they are used.
- (4) Record time in 1-hour increments except when leave is taken in smaller increments or when overtime is earned in minute increments.
- (5) Submit amendments or corrections within two pay periods.



Jane F. Garvey
Administrator

2700.37
Appendix 1

APPENDIX 1 SAMPLE

FEDERAL AVIATION ADMINISTRATION
Biweekly LDR Input Form

Organization: AXX-100

Employee Name: Jane Smith

SSN: 112-23-3345

Pay Period Ending Date: 4/7/01

Amendment

Pay Period: 8

Project Code	Activity Code	WEEK 1														WEEK 2															
		Total		Sun		Mon		Tues		Wed		Thurs		Fri		Sat		Sun		Mon		Tues		Wed		Thurs		Fri		Sat	
		Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT	Reg	OT
1212LABREL	LR0500	6:00:00	0:00									3:00																			
1212MGTDADM	MA0100	49:00:00	0:00			8:00		8:00		8:00		5:00																			
1212PATMAT	TA0200	1:00:00	0:00																												
1212TRNNTH	TN0200	16:00:00	0:00																												
																									</						

Approver's Signature: _____
Date: _____

Employee Signature: _____
Date: _____